

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Annual Compliance Report, 2020

Docket No. ACR2020

CHAIRMAN'S INFORMATION REQUEST NO. 13  
AND NOTICE OF FILING UNDER SEAL

(Issued February 9, 2021)

To clarify the basis of the Postal Service's FY 2020 *Annual Compliance Report* (ACR), filed December 29, 2020,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than February 16, 2021.

**Consumer Access and Customer Satisfaction**

1. In the FY 2019 *Annual Report to Congress*, the number of mailpieces reported for FY 2019 is 142.570 billion.<sup>2</sup> In the FY 2020 *Annual Report to Congress*, the number of mailpieces reported for FY 2019 is 142.562 billion.<sup>3</sup> Please confirm the number of mailpieces in FY 2019 and reconcile the discrepancy.
2. Please explain whether and how the Postal Service is maintaining or expanding consumer access to postal services in rural or remote areas. In the response, please describe any plans or initiatives the Postal Service has to maintain and improve consumer access to postal services during the pandemic and in future years.

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<sup>1</sup> United States Postal Service *Annual Compliance Report*, December 29, 2020 (FY 2020 ACR).

<sup>2</sup> See Docket No. ACR2019, Library Reference USPS-FY19-17, December 27, 2019, United States Postal Service *FY 2019 Annual Report to Congress*, at 12.

<sup>3</sup> See Library Reference USPS-FY20-17, December 29, 2020, United States Postal Service *Fiscal Year 2020 Annual Report to Congress*, at 24.

3. Please describe any plans or initiatives the Postal Service has to improve wait time in line or mitigate wait time in line increases during the pandemic and in future years. In the response, please describe specific actions the Postal Service plans to take to return wait time in line to pre-pandemic levels.
4. In a CHIR response, the Postal Service states that it cannot provide estimated dates for starting and completing the process for reevaluating the remaining suspended post offices because the reevaluation process is “contingent on the relaunch of customer-facing activities, which the Postal Service has yet to approve.”<sup>4</sup>
  - a. Please describe these customer-facing activities and provide estimated dates for the Postal Service to approve the relaunch of each customer-facing activity. If the Postal Service is unable to provide estimated dates for approval, please explain why.
  - b. Please explain why the Postal Service will not begin to reevaluate the remaining suspended post offices until it approves the relaunch of customer-facing activities.
5. In Docket No ACR2019, the Postal Service stated that in FY 2020 it “has already added new questions asking customers about its satisfaction with multiple aspects of service performance such as speed of delivery, reliability, and on-time delivery. This will allow the Postal Service to correlate service performance factors to specific product categories for fiscal year 2020.”<sup>5</sup>

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<sup>4</sup> Responses of the United States Postal Service to Questions 1-26 of Chairman’s Information Request No. 3, January 22, 2021, questions 9.c., 10.a., 12.

<sup>5</sup> Docket No. ACR2019, Reply Comments of the United States Postal Service, February 18, 2020, at 14-15.

- a. Please identify the question(s) on each customer survey that ask customers about their satisfaction with multiple aspects of service performance, including speed of delivery, reliability, and on-time delivery.
  - b. Please explain how the Postal Service used these responses to correlate service performance factors to specific products or mailing services in FY 2020. In the response, please discuss the Postal Service's findings and conclusions about customer satisfaction with service performance for each product or mailing service during FY 2020.
  - c. Please explain whether and how the Postal Service asked follow-up questions to the survey questions identified in question 5.a. after customers provided their responses. If the Postal Service did not ask follow-up questions to the survey questions identified in question 5.a., please explain why.
6. The Postal Service provided the number of village post offices (VPOs) and community post offices (CPOs) at the end of FY 2020 in Response to Chairman's Information Request No. 1.<sup>6</sup> The Postal Service obtained these numbers from the Contract Post Unit Technology system. See *id.* However, in Response to CHIR No. 1, the number of VPOs and CPOs at the end of FY 2020 differ between question 8 (450 VPOs and 443 CPOs) and questions 5.d. (442 VPOs) and 6.d. (441 CPOs). Please confirm the number of VPOs and CPOs at the end of FY 2020 and reconcile the discrepancies in Response to CHIR No. 1.

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<sup>6</sup> Responses of the United States Postal Service to Questions 1-38 of Chairman's Information Request No. 1, January 19, 2021, questions 5-6, 8 (Response to CHIR No. 1).

**Flat-Shaped Mail**

7. The Postal Service states that “[i]n FY 2020, the AFSM100 Incoming Secondary productivity was 3.25 times higher than the [Flats Sequencing System (FSS)] productivity (2,150 pph v. 663 pph).”<sup>7</sup> The Postal Service further states that “[h]owever, these additional activities required for FSS candidate mail to be sorted on AFSM100 machines would likely reduce the cost difference between processing volume on FSS machines compared with the AFSM100.” Response to CHIR No. 5, question 13.e. If the mail was not presented in FSS scheme, would this shift from the FSS to AFSM100 have a larger mail processing cost difference? If so, please provide an estimated cost difference.
8. The Postal Service states that “[i]n sum, although no specific analysis was conducted to assess the change in delivery costs on days when AFSM100 processing was substituted for FSS processing, delivery costs would be expected to increase for both city and rural carriers.” *Id.* question 13.f. Would the increase in delivery costs be higher than the decrease in mail processing costs from sorting mail on the AFSM100 instead of the FSS?
9. When flats volume declines, the Postal Service removes AFSM100s with associated cost savings. *Id.* question 15.d. The Postal Service states that when an AFSM100 machine is removed, the “direct labor and maintenance cost savings for one machine (\$ 542,327 + \$ 116,171 = \$ 658,498).” *Id.* However, the mail processing costs for Flats continue to rise despite the reduction in AFSM100 machines and the associated costs. Please explain how mail processing costs increase when initiatives are taken that should significantly decrease mail processing costs.

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<sup>7</sup> Responses of the United States Postal Service to Questions 1-30 of Chairman’s Information Request No. 5, February 2, 2021, question 13.e. (Response to CHIR No. 5).

10. The Postal Service provided workpapers detailing mail processing cost impact of bundle breakage for FY2019. *Id.* question 16. Please provide updated workpapers detailing mail processing cost impact of bundle breakage for FY 2020.
11. The Postal Service states that “[b]undles for Periodicals are typically more uniform in size than Marketing Mail bundles; they are often poly wrapped and strapped by the mailer.” *Id.* question 18. Has the Postal Service worked with the Marketing Mail mailers to encourage poly wrapping and strapping? If so, please explain the initiatives and/or efforts. If not, please explain if the Postal Service intends to do so in the future.
12. The Postal Service states that “[s]acked bundles have [a] higher breakages rate because they do not have the protection that pallets provide.” *Id.* question 18. When pricing sacked bundles, does the Postal Service create a price incentive for the mailer to present “more uniform” mail? If so, please discuss the price incentives and the relation to bundle processing costs.
13. The Postal Service states that “Surface Visibility recorded 930 Irregularities for August 2020 and 1,688 Irregularities for September 2020.” *Id.* question 19.c. Does the Postal Service expect the number of irregularities to increase or decrease in FY2021? Please explain.
14. The Postal Service states that “[a]t the present time, the Postal Service strives for a minimum of 80 percent FSS [delivery point sequence (DPS)].” *Id.* question 26. In FY 2019, the FSS DPS was 78.6 percent and in FY 2020, the FSS DPS was 71.72 percent. See Library Reference USPS-FY20-45, December 29, 2020, file Paragraph (b) -- Financial Report,” Excel file “FY20.Rule.3050.50.Para.B.xlsx,” tab “Item b6.” Please describe the Postal Service’s plan to meet the 80 percent FSS DPS minimum in FY 2021.

15. Please see Attachment, filed under seal.

By the Chairman.

Michael Kubayanda